

Barclays International



Our performance in International



Barclays International is the diversified transatlantic, wholesale and consumer bank within Barclays Bank PLC. Encompassing the Corporate and Investment Bank, Barclaycard International and Private Bank & Overseas Services businesses, our dual home markets in the UK and US anchor our business in the two most important global financial centres.

Tim Uly

Overview of products, services and clients

On the consumer side, within Barclaycard International, we provide consumers with credit cards, lending and deposit accounts. In Private Bank & Overseas Services, we provide banking, investment and wealth management services. For SMEs and corporates, we enable payment acceptance, commercial card payments and point-of-sale finance. Through our Corporate and Investment Bank, we serve our clients by providing advice, financing, trade and payment solutions, and raising capital. We support our institutional clients through sales and trading of securities.

Our business model in Barclays International is dependent upon our client relationships, the services we provide to our clients and our capital – human, technological and financial. In 2017, Barclays International contributed 68% to Group income with an RoTE of 6.6%, excluding the impact of the US deferred tax assets re-measurement.

Barclays International operational model



Market and environment in which the division operates

The economic markets in 2017 were characterised by a low volatility and low interest rate environment. With this benign backdrop, valuation gains in the equity markets prevailed throughout the year. Prospective and confirmed legislative and regulatory changes continued to influence and shape strategies of all market players. In the UK, consumer confidence hit a four-year low, amid sterling depreciation and despite historically low unemployment. In the US, the labour market and consumer spending strengthened, with subdued wage growth.

Barclays International is focused on investments in talent, capital and technology.

Barclays International has achieved significant milestones to meet Structural Reform regulations. Working closely with regulators and stakeholders, we are set up to serve our clients across the globe in alignment with regulatory policies and legislation. The newly-created divisional board of directors has been confirmed and has convened prior to formal board meetings to ensure that we are set to operate within the Barclays governance framework upon the formalisation of Structural Reform. Significant entities within Barclays International, such as the US Intermediate Holding Company (IHC), are subject to stringent governance standards to ensure safety and soundness, particularly around capital, liquidity and risk management.

Risks to the operating model

Geopolitical and macroeconomic uncertainty in some markets remain a risk, while the volume and reach of regulatory change continues to require significant attention.

We are making comprehensive plans for the UK's planned exit from the European Union and we believe we will provide an uninterrupted service to our clients, consumers and other stakeholders during and after the transition.

We continue to monitor growth in US consumer delinquencies having proactively reduced our exposure to middle market consumers earlier this year.



Advising on pan-European expansion

Asahi Group Holdings, the largest brewer in Japan, has targeted Europe as its next platform for growth in its drive to become a global beer industry leader. Having already established a presence in Italy, the UK and the Netherlands through the acquisition of brands such as Peroni, Grolsch and Meantime, Asahi engaged Barclays to assist in creating a truly pan-European franchise.

In March 2017, with Barclays acting as Financial Adviser, Asahi successfully closed on its €7.3bn acquisition of AB InBev's business in the Czech Republic, Slovak Republic, Poland, Hungary and Romania.

Asahi turned to Barclays for this critical transaction due to our holistic capability, including a long-standing, global coverage relationship, leading brewing industry and M&A experience, deep insight into Central Europe and cross-border deal execution expertise.

Cyber crime had a hugely detrimental impact on the global economy in 2017, with unprecedented attacks in terms of their scale, impact and rate of spread. We have continued to invest heavily to ensure that our infrastructure retains industry-leading resilience to cyber crime.

The growth strategy within Barclays International will continue to be executed in a controlled, commercial manner within the ERMF framework.

Business Highlights

Barclays International is focused on investments in talent, capital and technology. In 2017, we affirmed the executive management leadership team within BI. In our Markets division, a new leadership structure has enabled streamlining and simplification, with global heads across credit, equities, macro and distribution.

We are focused on dynamically managing and allocating financial resources to businesses within Barclays International through optimisation of capital, leverage, risk weighted assets, funding and tax across all jurisdictions and legal entities.

Barclays International continues to enhance its customer and client experiences through innovation. For example, in Barclaycard International, we launched a new core payment processing platform that provides, multi-currency and multi-geography settlement capabilities and enables all currencies in all territories to be processed on a single platform. We also launched an Artificial Intelligence/Machine Learning tool to provide the latest advanced platforms and techniques for fraud detection and intelligent customer service automation.

Overall, 2017 was a milestone year for Barclays International. Together, with our colleagues across the globe, we have embarked on a number of initiatives and areas of growth as we strive to matter more to our clients, to grow our revenues, and deliver much improved sustainable returns to our shareholders.

Tim Throsby

President, Barclays International and Chief Executive Officer, Corporate and Investment Bank

Our performance in the Corporate and Investment Bank

The Corporate and Investment Bank offers wholesale banking products and services to corporate and institutional clients. The business is focused on serving our UK and US home markets, while supporting the global ambitions of our strategic clients. The Corporate and Investment Bank includes our markets, investment banking, corporate banking and research businesses.

Business Update

Our markets businesses provide execution, prime brokerage and risk management services across the full range of asset classes including equity, fixed income and rates. With a new markets leadership team in place, we are highly focused on investments in technology to drive client successes and increase market share. For example, we migrated to a new digital platform and funded critical upgrades to our electronic trading platforms in 2017. We are focused on the standardisation and simplification of post-trade technologies with the backdrop of a strong regulatory and controls environment. In 2017, Barclays was named Best Bank for FX in London and Best Bank for GBP / USD in FX Week's annual awards.

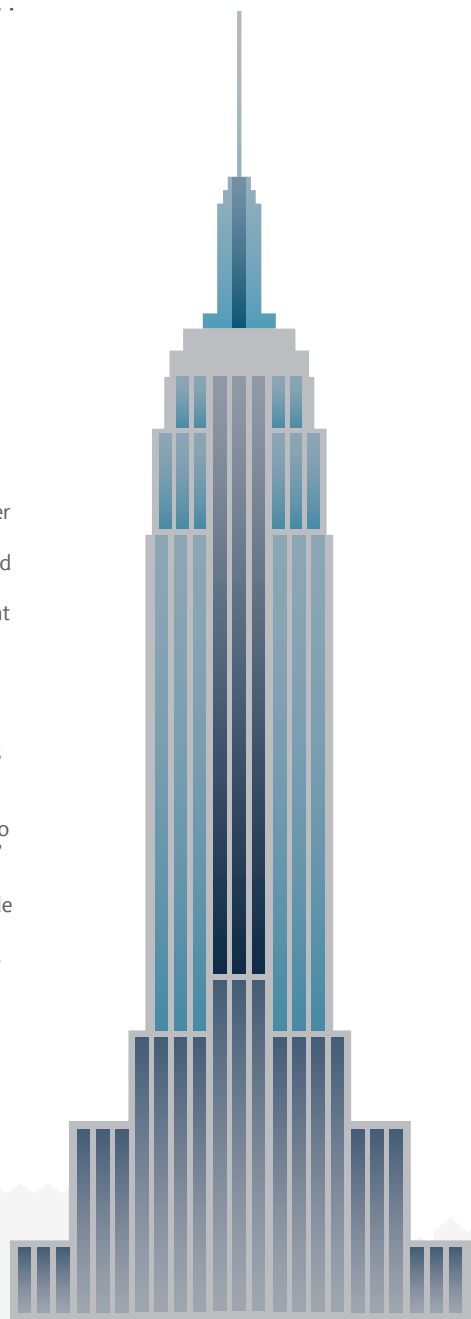
Our investment banking business provides long-term strategic advice on mergers and acquisitions, corporate finance and strategic risk management solutions, and equity and credit origination capabilities. In 2017, Barclays achieved its highest global fee share in three years¹, and was the number one ranked bank in the UK for the first time since 2012¹. Bolstered by strong mergers and acquisitions activity, we advised on numerous landmark deals to deliver for our clients. Our Leveraged Finance business reached its highest ever global fee share, ranking Barclays top four for the second consecutive year¹. Barclays was named 2017 Sterling Bond House of the Year by IFR magazine – with over 150 Sterling bond

issues. Serving clients across a number of industries and segments, Barclays is proud to be a top three financier of capital for supranationals, sovereign and agency institutions¹, enabling the funding of critical infrastructure and helping to promote global economic growth and stability.

With industry expertise and a history of innovation, our corporate banking business provides comprehensive banking, financing, trade and payment solutions to businesses across the UK. For example, Barclays has supported Pod Point, the UK's leading provider of electric vehicle charging since inception in 2009. Barclays' venture debt offering - enabled by our innovation finance product which is partly guaranteed by the European Investment Fund - has supported Pod Point to gain early access to capital so they can focus on developing their business.

Finally, our research business delivers independent, thought-leading content across Equities, Credit, Macro and Quantitative Portfolio Strategy. The implementation of MiFIDII has brought unprecedented change to the research industry and reinforced Barclays' commitment to providing clients with differentiated market insights, actionable trade ideas and thematic views delivered through publications, one-to-one analyst interactions, conferences and events.

Note
1 Dealogic



Our performance in Consumer, Cards and Payments

Consumer, Cards and Payments includes Barclaycard International and the Private Bank and Overseas Services. Barclaycard International provides branded and co-branded consumer credit cards, lending and deposit accounts to our customers in the US and Germany, and payment solutions to our clients in the UK. Private Bank and Overseas Services provide banking, investment and wealth management services to over 160,000 clients, globally.



Barclaycard International

Our Barclaycard International business operates in three divisions: Barclaycard US, Barclaycard Business Solutions and Barclaycard Germany.

Barclaycard US offers co-branded and branded credit cards in the US, along with consumer loans and online retail deposits. We are the ninth-largest credit card issuer in the market and this business has strengthened further in 2017. We launched a new co-branded credit card with Uber, which featured a ground breaking integration into the Uber app, offering a simple, seamless and frictionless customer experience. Our relationship with existing partners strengthened further, with our JetBlue co-branded card being named the “best no-fee loyalty airline card” for 2017 by MONEY magazine.

Across all credit card products, Barclaycard US added over 2 million new accounts in 2017. In addition, our Barclays-branded consumer retail deposits now exceed \$12.5 billion.

Barclaycard Business Solutions provides merchant acquiring, payments integration and acceptance, payment gateway, commercial payments and point-of-sale consumer finance solutions in the UK. We are a leading provider in all our businesses and we are one of the largest payment acceptance providers in Europe. In 2017, we processed close to £250 billion in payments through acquiring.

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In 2017, we completed a four-year investment in a new core payment processing platform that provides omni-channel, multi-currency and multi-geography settlement capabilities to help us strengthen our merchant relationships and support their growth. Coinciding with the launch of Apple’s iPhone 8 and X, Barclays Partner Finance rolled out an in-store financing offer in the UK with 131,000 applications received in-store since launch. We are also now a preferred partner for UK point-of-sale finance for Tesla via a digital in-store offering. Barclaycard Business Solutions’ electronic funds transfer platform, known as PrecisionPay Bank Transfer, went live in Q3 with a successful launch, providing clients with the ability to pay their suppliers via bank transfer, which is funded by a commercial card.

Barclaycard has been present in Germany for over a quarter of a century and now serves over 1.2 million cards and loans customers. We are the leading issuer of revolving credit cards in the country by outstanding balances. We also have a strongly growing instalment loans business as well as an online deposit product. In recognition of our focus on innovative products and features, all three Barclaycard open market products (New Visa, Gold and Platinum) received several best-in-class recognitions from leading German business and finance magazines. Barclaycard Germany continues to drive exceptional customer satisfaction rankings, with the business placing in the top two for both cards and loans.

We also provide cards and lending in Norway, Sweden and Denmark via our EnterCard joint venture with Swedbank and we are a leading player in the region.

Our performance in Consumer, Cards and Payments



Disrupting the US Co-Branded Credit Card Market

November 2017 marked the unveiling of the Uber Visa Card, recognised as one of the most rewarding “no annual fee” card programs in the US.

As a pioneer in transportation and technology, Uber recognised Barclays’ leadership in payments, innovation and partnerships when launching its first co-branded credit card. With an eye toward the future of mobility, technology and commerce, our companies built one of the most modern payment experiences in the US market.

This cutting-edge payments program represents a ground-breaking approach to mobile app technology that meets the demands of today’s on-the-go consumer. Using their smartphone, approved customers can apply, load their card into the Uber wallet, and start earning rewards in a matter of minutes, providing them value and experiences that are instant, integrated and rewarding.

Private Bank and Overseas Services

Private Bank and Overseas Services provides a diversified range of financial and wealth products and services to a broad base of clients, ranging from retail, high net worth and ultra high net worth, to family offices and corporates. With a significant global footprint, business operates across the UK, EMEA, India and Offshore Islands.

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Within the Private Bank, affluent clients at Barclays are supported by a dedicated Private Banker and a team of investment and wealth specialists. In addition, the Private Bank facilitates access to Barclays Corporate and Investment Bank products and services for ultra high net worth clients. The Overseas Services business delivers banking, treasury and investment solutions to core client segments through relationship led services and online channels.

With a focus on enhanced service delivery and product offerings, our Private Bank and Overseas Services business is poised for growth and scale.